

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6932

BILL NUMBER: SB 409

NOTE PREPARED: Jan 13, 2014

BILL AMENDED:

SUBJECT: Recording notices concerning taxes and property.

FIRST AUTHOR: Sen. Zakas

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: *Standard Deduction Notation:* This bill requires a county auditor to place a notation on the tax duplicate when the county auditor determines that property is no longer eligible for a standard deduction and indicates that a bona fide purchaser of the property is not liable for taxes and penalties that accrue before the notation is made as a result of the removal of the deduction.

Lease Defects: The bill indicates that certain defects in a lease recorded with the county recorder do not invalidate the effect of recording the lease.

Recording Unsafe Building Orders: The bill also requires an enforcement authority to record certain orders related to sealing, repairing, or rehabilitating an unsafe building.

Effective Date: July 1, 2014.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Recording Unsafe Building Orders:* This provision would increase local expenses for recording fees by an indeterminate amount. Under current law, an enforcement authority must record an order concerning the demolition and removal of all or a part of an unsafe building. This bill would also require the recording of orders regarding sealing, repairing, and the rehabilitation of unsafe buildings. The recorder would charge the usual recording fee for these items. The number of additional recorded items is not known.

Lease Defects: This provision should have no fiscal impact. Under current law, a conveyance, mortgage, or lease for more than three years must be recorded. Currently, in the case of a recorded mortgage, if the instrument has certain defects then it is still valid. Under this provision, a lease with certain defects would also still be valid.

Explanation of Local Revenues: *Standard Deduction Notation:* This provision could result in slightly reduced property tax revenue for local civil taxing units and school corporations.

County auditors would have to place a notation on the tax duplicate when the property is no longer eligible for a standard deduction. Real property purchasers without knowledge of the homestead status change would not be liable for taxes and penalties that accrue before the notation is made.

Recording Unsafe Building Orders: The county recorder would receive an indeterminate amount of additional revenue from the recording of these orders.

State Agencies Affected:

Local Agencies Affected: County auditors; county recorders.

Information Sources:

Fiscal Analyst: Bob Sigalow, 317-232-9859.